

# ECONOMIC DEVELOPMENT

## DESCRIPTION

The Department of Economic Development is responsible for the recruitment and location of new and expanding industry to Chesterfield County. The department strives to create and maintain a stable and diverse business and industrial base so that adequate services can be provided without excessive taxes on county citizens.

The department also assists existing businesses and industries already located in the county and serves as a catalyst to improve the county's business climate by making recommendations to and working with the Board of Supervisors, administration, and regulatory and other service departments to improve services to business customers.

## FINANCIAL ACTIVITY

|                  | <b>FY2001<br/>Actual</b> | <b>FY2002<br/>Adopted</b> | <b>FY2003<br/>Adopted</b> | <b>FY2004<br/>Planned</b> | <b>Change<br/>FY2002 to<br/>FY2003</b> | <b>Change<br/>FY2003 to<br/>FY2004</b> | <b>FY2005<br/>Projected</b> | <b>FY2006<br/>Projected</b> |
|------------------|--------------------------|---------------------------|---------------------------|---------------------------|--|--|-----------------------------|-----------------------------|
| <b>Personnel</b> | \$564,113                | \$606,500                 | \$631,300                 | \$631,300                 | 4.1%                                   | 0.0%                                   | \$631,300                   | \$631,300                   |
| <b>Operating</b> | 662,601                  | 734,300                   | 748,800                   | 748,800                   | 2.0%                                   | 0.0%                                   | 748,800                     | 748,800                     |
| <b>Capital</b>   | <u>18,000</u>            | <u>2,300</u>              | <u>10,000</u>             | <u>10,000</u>             | 334.8%                                 | 0.0%                                   | <u>10,000</u>               | <u>10,000</u>               |
| <b>Total</b>     | \$1,244,715              | \$1,343,100               | \$1,390,100               | \$1,390,100               | 3.5%                                   | 0.0%                                   | \$1,390,100                 | \$1,390,100                 |
| <b>Revenue</b>   | <u>9,366</u>             | <u>8,400</u>              | <u>9,000</u>              | <u>9,000</u>              | 7.1%                                   | 0.0%                                   | <u>9,000</u>                | <u>9,000</u>                |
| <b>Net Cost</b>  | \$1,235,349              | \$1,334,700               | \$1,381,100               | \$1,381,100               | 3.5%                                   | 0.0%                                   | \$1,381,100                 | \$1,381,100                 |
| <b>FT Pos.</b>   | 9                        | 9                         | 9                         | 9                         | 0                                      | 0                                      | 9                           | 9                           |

## BUDGET ANALYSIS AND EVALUATION

The Department of Economic Development anticipates an increase in requests for the county to provide site assessment studies for prospects looking to locate in Chesterfield County. Such studies include, among others, environmental, archeological, historical preservation, and wetland studies.

Prospective business activity has increased steadily over the past year, despite the slowdown in the U.S. economy. Much of this activity is from high-tech industries, often requiring that the county complete extensive and detailed questionnaires within very short timeframes. Additionally, most companies are on a fast track and require an increasing amount of staff time to assist and guide them through county regulatory processes and procedures.

Additional funds of \$15,000 have been added to the department's FY2003 budget for an increase in the county's Greater Richmond Partnership, Inc. (GRP) membership dues to \$390,000 annually. The GRP promotes economic development in and among the

counties of Chesterfield, Hanover, Henrico and the City of Richmond. The GRP provides a single point of contact to the network of private and public sector professionals who support companies considering site location in these localities.

The department's small and minority business programs have grown in the past year and the demand for these services has increased requests for staff assistance. The department continues to explore new partnerships and programs that can provide enhanced services within existing funding levels as no new resources have been provided in the FY2003 budget.

Increasing numbers of foreign companies are inquiring about relocation or expansion into the area and additional marketing trips to international locations may be necessary in order to adequately promote the county. Furthermore, staff training in emerging technologies and target industries is essential to successful recruiting efforts. Initiatives in

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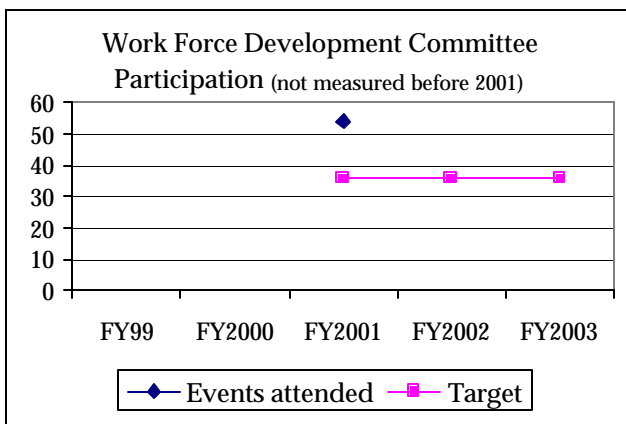
these areas will be constrained given limited funds in the FY2003 budget.

During the FY2003 budget process, departments were directed to develop and submit budget requests which included potential spending reductions plans.

This was done due to a slowdown in the national and regional economy. The FY2003 budget for this department reflects an approximate 1.5% reduction in general operating expenses (excluding the increase in GRP areas).

## HOW ARE WE DOING?

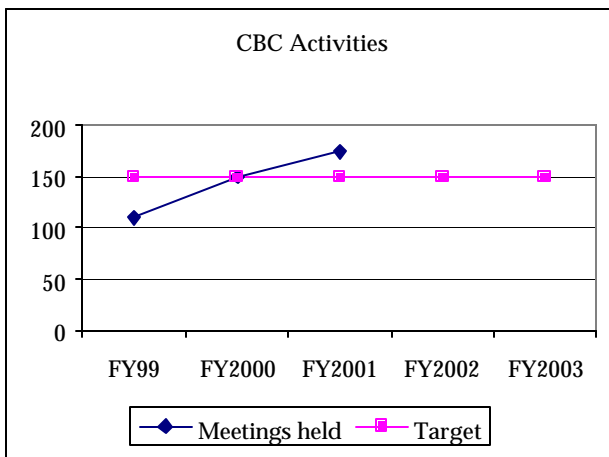
- Goal:** To develop a workforce that meets business needs. Supports Countywide Strategic Goal Numbers 1, 2, and 7.
- Objective:** To participate as a member on work force development committees, such as Work Force One, Career Development Advisory Committee, and Virginia Works.
- Measure:** Number of meetings and events attended by staff.



### Initiatives

- Now established as a primary goal
- Key staff members assigned to be active members of these organizations

- Goal:** To develop and maintain positive working relationships between Chesterfield County and business industry and citizens. Supports Countywide Strategic Goal Numbers 1, 2, and 7.
- Objective:** To coordinate Chesterfield Business Council (CBC) visits and plan to carry out existing industry meetings
- Measure:** Number of CBC visits and existing industry meetings held



### Initiatives

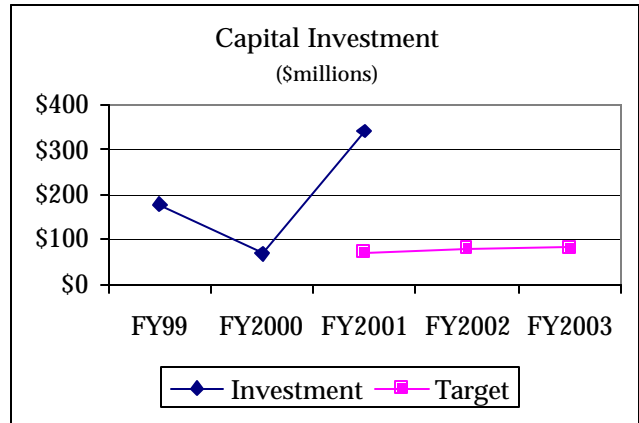
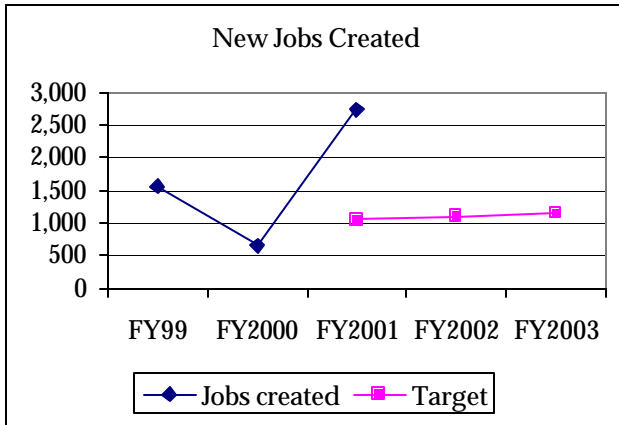
- Staff to coordinate CBC volunteers and feedback
- Annual pre-scheduled quarterly meetings with industry executives
- Speaking engagements by staff members to professional and community organizations on a requested basis
- Attend site plan meetings with prospects to facilitate process
- Staff meeting with existing industries on site to learn more about their businesses and issues
- Assist businesses with their grand openings and groundbreakings
- Coordinate and distribute four Business/ Industry Appreciation & Recognition Awards

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**Goal:** To increase Chesterfield County's commercial and industrial tax base by successfully locating business and industry through varied marketing activities. Supports Countywide Strategic Goal Numbers 1, 2, and 7.

**Objective:** To gain new jobs and capital investment in Chesterfield County

**Measure:** Annual number of new jobs and capital investment dollars



## Initiatives

- Targeted industry sectors assigned to each project manager
- Staff participation in marketing trips, trade shows, Web site activities, and industry expansion efforts

## WHERE ARE WE GOING?

The increasing pressure of residential encroachment will place a premium on protecting and proactively zoning industrial and commercial property. This may require outside zoning expertise.

It is becoming increasingly important and effective to immerse project managers in targeted industries through educational conferences, trade shows, and marketing trips. This will result in additional dollars required for education and travel.

As the department continues to absorb production of advertising and marketing efforts in-house in order to minimize expenses, the need to upgrade computer and presentation equipment will become critical. Funding for this equipment in future years has not yet been identified.

Incentives have become a major factor in successfully recruiting new companies and retaining existing businesses. Prior years' accrual of incentive funds has quickly been depleted and provisions for increasing the annual incentive allocation may become critical in order to maintain the county's competitive position in the global marketplace.

International recruitment will increase with Far Eastern and European companies seeking to penetrate US markets. This will require additional funding for more international travel, although sources for funding have not been identified.